

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>FAIRFIELD TOWNSHIP</b>	County <b>LENAWEE</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>6/30/04</b>	Date Accountant Report Submitted to State: <b>8/9/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

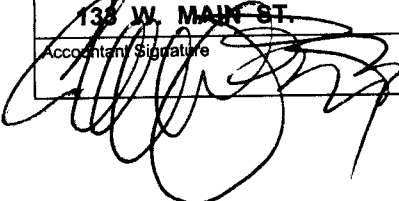
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |                                                                     |                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.                                                                                                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).                                                                                                                                                                                                      |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).                                                                                                                                                                                                                |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).                                                                                                                                             |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.                                                                                                                                                                                                                     |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).                                                                                                                                                                                                         |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).                                                                                                                                                                                                                                |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>PHILIP R. RUBLEY, CPA</b>			
Street Address <b>138 W. MAIN ST.</b>	City <b>MORENCI</b>	State <b>MI</b>	ZIP <b>49256</b>
Accountant Signature 			Date <b>7/30/04</b>

**FAIRFIELD TOWNSHIP**

**Lenawee County**

**Annual Financial Report**

**March 31, 2004**

**FAIRFIELD TOWNSHIP**  
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**Report to the State Treasurer on Auditing Procedures**

# PHILIP R. RUBLEY

- *Certified Public Accountant* -

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'s  
& THE MICHIGAN ASSOCIATION OF C.P.A.'s

July 30, 2004

Board of Trustees  
Fairfield Township  
Lenawee County, Michigan

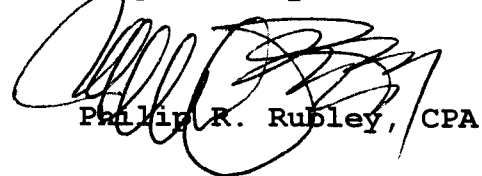
## Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Fairfield Township, Lenawee County, Michigan as of March 31, 2004, and for the year then ended. These general purpose financial statements are the responsibility of Fairfield Township management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above, present fairly, in all material respects, the financial position of Fairfield Township, Lenawee County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity accounting principles generally accepted in the United States of America.

Respectfully Submitted,



Philip R. Rubley, CPA

**FAIRFIELD TOWNSHIP**  
**Combined Balance Sheet - All Fund Types And Account Groups**  
**March 31, 2004**

	<b>Governmental Fund Type</b>		<b>Proprietary Fund Type</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Enterprise</b>
<b><u>Assets</u></b>			
Cash	\$ 32,191	\$ 19,334	\$ 32,760
Cash Deposit - Lenawee County Drain Commission	---	---	1,500
Investments - Certificate of Deposit and Savings	289,347	108,498	531,037
Accrued Interest Receivable	---	---	3,052
Prepaid Expenses	1,155	1,941	---
Receivables (Net, Where Applicable, Allowances for Uncollectibles):			
Taxes, Including Interest, Penalties and Liens, General	7,716	3,498	---
Due From County	---	---	17,260
Deferred Sewer Assessment	---	---	1,157,995
Sewer Usage	---	---	7,302
Due From General Fund	---	---	---
Fixed Assets (Net of Accumulated Depr.)	---	---	4,779,255
Amount to be Provided for Retirement of General Long-Term Debt	---	---	---
<b>Total Assets</b>	<b><u>\$330,409</u></b>	<b><u>\$133,271</u></b>	<b><u>\$6,530,161</u></b>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ ---	\$ ---	\$ ---
Due to:			
Fire Fund	---	---	---
General Fund	---	---	---
Other Authorities	831	---	---
Special Assessment and Revenue Bonds Payable	---	---	1,407,000
Notes Payable - USDA	---	---	---
<b>Total Liabilities</b>	<b><u>831</u></b>	<b><u>---</u></b>	<b><u>1,407,000</u></b>
<b><u>Fund Equity</u></b>			
Contributed Capital	---	---	4,814,260
Investment in General Fixed Assets	---	---	---
Retained Earnings - Unreserved	---	---	308,901
Fund Balances:			
Reserved or Restricted Fund Balance	---	4,738	---
Unreserved:			
Undesignated	106,897	128,533	---
Designated	222,681	---	---
<b>Total Retained Earnings/Fund Balance</b>	<b><u>329,578</u></b>	<b><u>133,271</u></b>	<b><u>5,123,161</u></b>
<b>Total Fund Equity</b>	<b><u>329,578</u></b>	<b><u>133,271</u></b>	<b><u>5,123,161</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$330,409</u></b>	<b><u>\$133,271</u></b>	<b><u>\$6,530,161</u></b>

See accompanying notes to financial statements.

<u>Fiduciary Fund Type Current Tax Collection</u>	<u>Long-Term Debt</u>	<u>Account Groups General Fixes Assets</u>	<u>Totals March 31, 2004</u>	<u>(Memorandum Only) March 31, 2003</u>
\$ 62	\$ ---	\$ ---	\$ 84,347	\$ 60,538
---	---	---	1,500	1,500
---	---	---	928,882	955,472
---	---	---	3,052	6,471
---	---	---	3,096	4,077
---	---	---	11,214	11,706
---	---	---	17,260	17,018
---	---	---	1,157,995	1,185,935
---	---	---	7,302	6,918
---	---	---	---	1,410
---	---	918,522	5,697,777	5,742,381
---	35,000	---	35,000	78,000
<u>\$ 62</u>	<u>\$35,000</u>	<u>\$918,522</u>	<u>\$7,947,425</u>	<u>\$8,071,426</u>
\$ ---	\$ ---	\$ ---	\$ ---	\$ 3,651
---	---	---	---	1,410
---	---	---	---	2,031
62	---	---	893	3,026
---	30,000	---	1,437,000	1,436,000
---	5,000	---	5,000	78,000
<u>62</u>	<u>35,000</u>	<u>---</u>	<u>1,442,893</u>	<u>1,524,118</u>
---	---	---	4,814,260	4,869,463
---	---	918,522	918,522	872,205
---	---	---	308,901	309,828
---	---	---	4,738	4,831
---	---	---	235,430	287,309
---	---	---	222,681	203,672
---	---	918,522	6,504,532	6,547,308
---	---	918,522	6,504,532	6,547,308
<u>\$ 62</u>	<u>\$35,000</u>	<u>\$918,522</u>	<u>\$7,947,425</u>	<u>\$8,071,426</u>

**FAIRFIELD TOWNSHIP**  
**Combined Statement Of Revenues, Expenditures And Changes In Fund Balances**  
**- All Governmental Fund Types And Expendable Trust Funds**  
**For The Fiscal Year Ended March 31, 2004**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<b><u>Revenues:</u></b>		
Taxes	\$121,752	\$ 61,946
Licenses and Permits	9,165	---
Intergovernmental Revenues	141,283	565
Interest and Penalties	1,590	247
Miscellaneous Revenues	3,429	18,759
<b>Total Revenues</b>	<u>277,219</u>	<u>81,517</u>
<b><u>Expenditures:</u></b>		
<b><u>Current:</u></b>		
General Government	101,220	---
Public Safety	166	58,591
Highways, Streets and Bridges	146,730	---
Zoning and Planning/Inspections	13,289	---
Other Functions	3,895	---
Capital Outlay	43,789	2,528
Sanitation	5,801	---
Parks & Recreation	---	602
<b>Total Expenditures</b>	<u>314,890</u>	<u>61,721</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(37,671)</u>	<u>19,796</u>
<b><u>Other Financing Sources (Uses):</u></b>		
Operating Transfers In	---	23,609
Operating Transfers (Out)	(23,609)	---
Payments - on USDA Loan	---	(15,088)
<b>Total Other Financing Sources (Uses)</b>	<u>(23,609)</u>	<u>8,521</u>
<b><u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u></b>	<u>(61,280)</u>	<u>28,317</u>
<b><u>Fund Balances - April 1, 2003</u></b>	<u>390,858</u>	<u>104,954</u>
<b><u>Fund Balances - March 31, 2004</u></b>	<u>\$329,578</u>	<u>\$133,271</u>

See accompanying notes to financial statements.

<b>Totals</b>	<b>(Memorandum Only)</b>
<b>March 31,</b>	<b>March 31,</b>
<b><u>2004</u></b>	<b><u>2003</u></b>
\$183,698	\$ 171,286
9,165	10,977
141,848	150,013
1,837	5,168
<u>22,188</u>	<u>31,377</u>
<u>358,736</u>	<u>368,821</u>
101,220	111,721
58,757	87,879
146,730	170,704
13,289	12,585
3,895	3,937
46,317	---
5,801	5,500
<u>602</u>	<u>1,318</u>
<u>376,611</u>	<u>393,644</u>
<u>(17,875)</u>	<u>(24,823)</u>
23,609	10,500
(23,609)	(10,500)
<u>(15,088)</u>	<u>(15,640)</u>
<u>(15,088)</u>	<u>(15,640)</u>
(32,963)	(40,463)
<u>495,812</u>	<u>536,275</u>
<u>\$462,849</u>	<u>\$ 495,812</u>

**FAIRFIELD TOWNSHIP**  
**Combined Statement Of Revenues, Expenditures And Changes**  
**In Fund Balances - Budget (GAAP Basis) And Actual -**  
**General Fund And Special Revenue Fund Types**  
**For The Year Ended March 31, 2004**

	<u>General Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<b><u>Revenues:</u></b>			
Taxes	\$ 109,395	\$121,752	\$ 12,357
Licenses and Permits	8,000	9,165	1,165
Intergovernmental	152,594	141,283	(11,311)
Interest and Penalties	1,032	1,590	558
Miscellaneous	---	3,429	3,429
Donations	---	---	---
<b>Total Revenues</b>	<u>271,021</u>	<u>277,219</u>	<u>6,198</u>
<b><u>Expenditures:</u></b>			
General Government	161,593	145,009	16,584
Public Safety	166	166	---
Highways, Streets and Bridges	155,962	146,730	9,232
Zoning and Planning/Inspections	13,932	13,289	643
Other Function	5,334	3,895	1,439
Parks and Recreation	---	---	---
Sanitation	5,801	5,801	---
<b>Total Expenditures</b>	<u>342,788</u>	<u>314,890</u>	<u>27,898</u>
<b><u>Excess (Deficiency) of Revenues</u></b> <b><u>Over Expenditures</u></b>	(71,767)	(37,671)	34,096
<b><u>Other Financing Sources (Uses):</u></b>			
Operating Transfers In	---	---	---
Operating Transfers (Out)	(23,609)	(23,609)	---
Payments on USDA Loan	---	---	---
<b>Total Other Operating Sources</b> <b>(Uses)</b>	<u>(23,609)</u>	<u>(23,609)</u>	<u>---</u>
<b><u>Excess (Deficiency) of Revenues Over</u></b> <b><u>Expenditures and Other Uses</u></b>	(95,376)	(61,280)	34,096
<b><u>Fund Balances - April 1, 2003</u></b>	<u>390,858</u>	<u>390,858</u>	<u>---</u>
<b><u>Fund Balances - March 31, 2004</u></b>	<u>\$ 295,482</u>	<u>\$329,578</u>	<u>\$ 34,096</u>

See accompanying notes to financial statements.

Special Revenue Fund Types

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 57,877	\$ 61,946	\$ 4,069
---	---	---
547	565	18
421	247	(174)
4,500	18,259	13,759
850	500	(350)
<u>64,195</u>	<u>81,517</u>	<u>17,322</u>
---	61,119	27,587
88,706	---	---
---	---	---
---	---	---
---	---	---
596	602	(6)
---	---	---
<u>89,302</u>	<u>61,721</u>	<u>27,581</u>
<u>(25,107)</u>	<u>19,796</u>	<u>44,903</u>
23,609	23,609	---
---	---	---
<u>(15,640)</u>	<u>(15,088)</u>	<u>552</u>
<u>7,969</u>	<u>8,521</u>	<u>552</u>
(17,138)	28,317	45,455
<u>104,954</u>	<u>104,954</u>	<u>---</u>
<u>\$ 87,816</u>	<u>\$133,271</u>	<u>\$45,455</u>

**FAIRFIELD TOWNSHIP**  
**Proprietary Fund Types**  
**Combined Statement Of Revenues**  
**Expenses, And Changes In Retained Earnings**  
**All Proprietary Fund Types**  
**For The Year Ended March 31, 2004**

	March 31, <u>2004</u>	(Memorandum Only) March 31, <u>2003</u>
<b><u>Operating Revenues:</u></b>		
Changes For Services	\$ 80,590	\$ 80,521
<b><u>Operating Expenses:</u></b>		
Salaries and Fringe Benefits	10,264	10,421
Supplies	5,852	2,970
Insurance	---	1,560
Contractual Services and Maintenance	34,966	22,652
Audit	---	1,500
Transportation	3,670	4,283
Repairs and Maintenance	14,151	9,294
Electricity/Telephone	2,931	3,370
Depreciation	82,642	125,042
Miscellaneous	3,883	399
<b>Total Operating Expenses</b>	<u>158,359</u>	<u>181,491</u>
<b>Operating (Loss)</b>	(77,769)	(100,970)
<b><u>Non-Operating Revenues (Expenses):</u></b>		
Assessments	104,101	105,982
Other	35,733	---
Permits	1,081	735
Interest	3,448	8,188
Interest and Fiscal Charges	<u>(67,521)</u>	<u>(68,875)</u>
<b>Total Non-Operating</b>	<u>76,842</u>	<u>46,030</u>
<b>Net Income (Loss)</b>	(927)	(54,940)
<b>Retained Earnings at Beginning of Year</b>	<u>309,828</u>	<u>364,768</u>
<b>Retained Earnings at End of Year (Note 5)</b>	<u>\$308,901</u>	<u>\$309,828</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**All Proprietary Fund Types**  
**Combined Statement Of Cash Flows - Indirect Method**  
**All Proprietary Fund Types**  
**For The Year Ended March 31, 2004**

	<b>March 31, 2004</b>
<b><u>Cash Flows From Operating Activities:</u></b>	
Cash Received From Customers	\$ 79,964
Cash Payments For Services	<u>(75,717)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>4,247</u>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>	
Payments on Bonded Debt Principal	(29,000)
Payments on Interest on Bond Debt	(67,521)
Special Assessments	91,747
Acquisition of Land and Fixed Assets	(34,497)
Users Assessments	<u>68,100</u>
<b>Net Cash Provided By Capital and Related Financing Activities</b>	<u>28,829</u>
<b><u>Cash Flows From Investing Activities:</u></b>	
Interest Earned	<u>3,448</u>
<b>Net Cash Provided By Investing Activities</b>	<u>3,448</u>
<b>Net Increase in Cash and Cash Equivalents</b>	36,524
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>528,773</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$565,297</u>

See accompanying notes to financial statements.

FAIRFIELD TOWNSHIP  
All Proprietary Fund Types  
Combined Statement Of Cash Flows - Indirect Method  
All Proprietary Fund Types  
For The Year Ended March 31, 2004

March 31,  
2004

**Reconciliation of Operating Income (Loss) to  
Net Cash Provided (Used) by Operating Activities**

**Operating Activities:**

Net (Loss)	\$ (927)
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	82,642

**Changes in Operating Assets and Liabilities:**

Decrease (Increase) in Accounts Receivable	(626)
Decrease (Increase) in Accrued Interest	3,419
Decrease (Increase) in Deferred Sewer Assessment, Etc.	27,940
(Decrease) Increase in Bonded Debt	<u>(1,000)</u>

Net Cash Provided By Operating Activities	<u>111,448</u>
-------------------------------------------	----------------

**Financing Activities:**

Principal Payments Made on Bonded Debt	(28,000)
User Assessments	23,306
Public Grant	<u>35,733</u>

Net Cash Provided By Financing Activities	<u>(40,427)</u>
-------------------------------------------	-----------------

**Investing Activities:**

Purchase of Fixed Assets & Land	<u>(34,497)</u>
---------------------------------	-----------------

Net Cash Provided By Financing Activities	<u>(34,497)</u>
-------------------------------------------	-----------------

Increase in Cash and Cash Equivalents	36,524
---------------------------------------	--------

Cash and Cash Equivalents at Beginning of Year	<u>528,773</u>
------------------------------------------------	----------------

Cash and Cash Equivalents at End of Year	<u>\$565,297</u>
------------------------------------------	------------------

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Combining Statement Of Changes In**  
**Assets And Liabilities**  
**All Agency Funds**  
**For The Fiscal Year Ended March 31, 2004**

<u>Current Tax Collection Fund</u>				
	<u>Balance</u> <u>April 1,</u> <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31,</u> <u>2004</u>
<b><u>Assets</u></b>				
Cash & Money Markets	\$2,031	\$1,272,507	\$1,274,476	\$ 62
<b>Total Assets</b>	<u>\$2,031</u>	<u>\$1,272,507</u>	<u>\$1,274,476</u>	<u>\$ 62</u>
<b><u>Liabilities</u></b>				
Due to Other Funds and County	\$2,031	\$1,272,507	\$1,274,476	\$ 62
<b>Total Liabilities</b>	<u>\$2,031</u>	<u>\$1,272,507</u>	<u>\$1,274,476</u>	<u>\$ 62</u>
 <u>General Trust Fund</u>				
	<u>Balance</u> <u>April 1,</u> <u>2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31,</u> <u>2004</u>
<b><u>Assets</u></b>				
Cash	\$ ---	\$ 7,343	\$ 7,343	\$ ---
<b>Total Assets</b>	<u>\$ ---</u>	<u>\$ 7,343</u>	<u>\$ 7,373</u>	<u>\$ ---</u>
<b><u>Liabilities</u></b>				
Due to Other Funds And County	\$ ---	\$ 7,343	\$ 7,343	\$ ---
<b>Total Liabilities</b>	<u>\$ ---</u>	<u>\$ 7,343</u>	<u>\$ 7,343</u>	<u>\$ ---</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

**(1) Summary of Significant Accounting Policies**

The Township of Fairfield, Lenawee County, Michigan, operates under a Township Board, elected to provide services as authorized by its charter: public safety (fire), highways and streets, sanitation, health and social services culture-recreation, education, public improvements, planning and zoning and general administrative services. In accordance with the provision of NCGA Statement 2, certain other governmental organizations are not considered to be part of the Township of Fairfield entity for financial reporting purposes. The criteria established by NCGA for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationship. On this basis, there are no additional entities which need to be reported by Fairfield Township nor are there any excluded.

The accounting policies of Fairfield Township conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

**A. Fund Accounting**

The accounts of Fairfield Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government Funds**

**General Fund** - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and intergovernmental revenues.

**Special Revenue Funds**

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Fiduciary Funds**

**Trust and Agency Funds** - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations.

**Proprietary Funds**

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general charges; or (b) where the governing body has decided that periodic determination or revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

**B. Fixed Assets**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("Infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Improvements	50 Years
Equipment	10 Years

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary funds and Nonexpendable Trust and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water and Sewer Fund utility service receivables are recorded at year end.

**D. Changes in Long-Term Debt**

The following is a summary of bond transactions of Fairfield Township for the year ended March 31, 2004.

	<u>Water Fund</u>	<u>Total</u>
Beginning Balance - April 1, 2003	\$ ---	---
Special Assessment Bonds	1,211,000	1,211,000
Water Revenue Bonds	196,000	196,000
	<u>1,407,000</u>	<u>1,407,000</u>
Less: Bond Payments	---	---
Balance - March 31, 2004	<u>\$1,407,000</u>	<u>\$1,407,000</u>

**E. Total Columns on Combined Statements - Overview**

Total Columns on Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**(2) Changes in General Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>General Fixed Assets 3/31/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets 3/31/04</u>
Land	\$ 34,586	\$ ---	\$ ---	\$ 34,586
Buildings	59,540	42,678	---	102,218
Improvements, Other Than Buildings	26,109	---	---	26,109
Equipment	296,937	3,639	---	300,576
Vehicles	455,033	---	---	455,033
<b>Totals</b>	<u>\$872,205</u>	<u>\$46,317</u>	<u>\$ ---</u>	<u>\$918,522</u>

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

**(3) Summary of Proprietary Fund Fixed Assets**

	<u>Sewer Fund</u> <u>3/31/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Sewer Fund</u> <u>3/31/04</u>
Land	\$ 79,671	\$27,018	\$ ---	\$ 106,689
Improvements	6,192,410	7,479	---	6,199,889
Equipment	22,371	---	---	22,371
<b>Total</b>	<u>\$6,294,452</u>	<u>\$34,497</u>	<u>\$ ---</u>	<u>\$6,328,949</u>

**(4) Budgets and Budgetary Accounting**

The Township uses the following procedures in establishing their budget:

- A. Prior to the March meeting, the budget is discussed with public notice.
- B. During the March, 2003 meeting the budget was finalized and adopted.
- C. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with accounting principles (GAAP) generally accepted in the United States of America. Budget for Special Assessment Funds are adopted on a basis consistent with (GAAP) except that bond proceeds are treated as other financing sources and bond principal payments are treated as expenditures. Budgetary Comparisons presented for Special Assessment Funds in this report are on this non-GAAP budgetary basis.

**(5) Restatement of Sanitary Sewer Fund Balance**

The retained earnings and contributions in aid of construction in the Sanitary Sewer Fund have been restated to reflect depreciation expense applicable to costs on the waste water treatment plan funded by Federal and State Grants as reduction to contribution in aid of construction as follows:

<u>Time</u> <u>Period</u>	<u>Depreciation On</u> <u>Treatment Plant</u> <u>(Original Cost)</u>	<u>Percentage</u> <u>Funded By</u> <u>Federal And</u> <u>State Grants</u>	<u>Reduction</u> <u>To Contribution</u> <u>In Aid Of</u> <u>Construction</u>	<u>Resulting</u> <u>Addition To</u> <u>Retained</u> <u>Earning</u>
1982	\$15,002	69.03%		
1983	62,423	69.03	\$ (10,356)	\$10,356
1984	62,566	69.03	(43,091)	43,091
1985	62,566	69.03	(43,189)	43,189
1986	62,567	69.03	(43,189)	43,189
1987	62,567	69.03	(43,190)	43,190
1988	62,567	69.03	(43,190)	43,190
1989	62,566	69.03	(43,190)	43,190
1990	62,566	69.03	(43,189)	43,189
1991	62,566	69.03	(43,189)	43,189
1992	62,566	69.03	(43,189)	43,189
1993	62,566	69.03	(43,190)	43,190
1994	62,566	69.03	(43,190)	43,190
1995	62,566	69.03	(43,190)	43,190
1996	62,566	69.03	(43,190)	43,190
1997	62,566	69.03	(43,190)	43,190
1998	62,566	69.03	(43,190)	43,190
1999	62,566	69.03	(43,190)	43,190

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

2000	52,966	69.03	(43,190)	43,091
2001	61,966	69.03	(43,190)	43,091
2003	61,966	69.03	---	---
2004	61,966	69.03	(78,508)	78,508

**(6) Property Taxes**

Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied and payable in one installment. Township property tax revenues are recognized when levied to the extent that they result in current receivables.

**(7) Investments**

Investments are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

**Category 1**

Insured or registered, or securities held by the Township or its agent in the Township's name.

**Category 2**

Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.

**Category 3**

Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Cash/CD's	\$1,014,729	\$ ---	\$ ---	\$1,014,729	\$1,014,729
	<u>\$1,014,729</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$1,014,729</u>	<u>\$1,014,729</u>

Note: Cash and demand deposits are insured by FDIC up to limit.

P.A. Amended, authorizes the Township to deposit and invest in:

- A. Bonds and other direct obligations of the United States or its agencies.
- B. Certificates of deposit, savings accounts, deposit accounts or depository receipts of federally insured banks, insured savings and loan associations of credit unions insured by the national credit union administration that are eligible under Sections 5 or 6 of Act 104, PA 1855 as amended (MCC 21.145 and 21.146).
- C. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

- D. United States government or Federal agency obligation repurchase agreement.
- E. Bankers' acceptance of the United States Banks.
- F. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.
- G. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.
- H. Other investments allowed per amendments.

**(8) Receivables**

All receivables are reported at their gross value. No provision for uncollectible amounts were determined, all receivables are considered fully collectible.

**(9) Inventories**

Inventories of supplies are considered to be immaterial and are not recorded.

**(10) Encumbrances**

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

**(11) Budgets And Budgetary Accounting**

P.A. 621 of 1988, Section 18 (1), as amended, provides that a local unity of government shall not incur expenditures in excess of the appropriated.

In the body of the financial statements, the Township's actual expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the township for these budgetary funds were adopted on a basis consisting with General Accepted Accounting Principals, (GAAP). All appropriations lapse at year end.

Expenditures which exceed budget and were in violation of Act 621 are as follows:

<u>General Fund:</u>	<u>Amount Budgeted</u>	<u>Appropriations</u>	<u>Difference</u>
Treasurer	\$ 15,169	\$ 15,246	\$ (77)
Election	1,294	1,295	(1)
<u>Fire Benefit Fund:</u>	---	6,264	(6,264)
<u>Hinde Playground Fund:</u>	596	602	(6)

**(12) Accumulated Unpaid Benefits**

Employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount has been shown in the General Long-Term Debt Group of Accounts in accordance with Governmental Accounting Standards Board's Statement No. 16 "Accounting for Compensated Absences".

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

**(13) Scope Of Reporting Entity**

As required by generally accepted accounting principles, these financial statements present Fairfield Township, (the primary government).

The financial reporting entity consist of (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are financially dependent on it.

The general purpose financial statement of the Township contains all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

**(14) Long-Term Debt**

Special Assessment Bond Payable - Series 2000 used for construction of the water system improvements.

Purpose: Construction of water system improvements.

Date of Note: August 24, 2000.

Interest Rate: 4.75%.

Interest Payable: May 1, and November 1.

Principal Payable: May 1, Amount of Issue: \$1,289,000.

<u>Year</u>	<u>Interest May 1</u>	<u>Principal May 1</u>	<u>Interest November 1</u>	<u>Total Payments</u>
2004	\$ 28,761	\$ 28,000	\$ 28,096	\$ 84,857
2005	28,096	29,000	27,408	84,504
2006	27,408	30,000	26,695	84,103
2007	26,695	31,000	25,959	83,654
2008	25,959	32,000	25,199	83,158
2019	25,199	33,000	24,415	82,614
2010	24,415	34,000	23,608	82,023
2011	23,608	34,000	22,800	80,408
2012	22,800	34,000	21,993	78,793
2013	21,993	34,000	21,185	77,178
2014	21,185	34,000	20,378	75,563

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

2015	20,378	34,000	19,570	73,948
2016	19,570	34,000	18,763	72,333
2017	18,763	34,000	17,955	70,718
2018	17,955	34,000	17,148	69,103
2019	17,148	34,000	16,340	67,488
2020	16,340	34,000	15,533	65,873
2021	15,533	34,000	14,725	64,258
2022	14,725	34,000	13,918	62,643
2023	13,918	34,000	13,110	61,028
2024	13,110	34,000	12,303	59,413
2025	12,303	34,000	11,495	57,798
2026	11,495	34,000	10,688	56,183
2027	10,688	34,000	9,880	54,568
2028	9,880	34,000	9,073	52,953
2029	9,073	34,000	8,265	51,338
2030	8,265	34,000	7,458	49,723
2031	7,458	34,000	6,650	48,108
2032	6,650	35,000	5,819	47,469
2033	5,819	35,000	4,988	45,807
2034	4,988	35,000	4,156	44,144
2035	4,156	35,000	3,325	42,481
2036	3,325	35,000	2,494	40,819
2037	2,494	35,000	1,663	39,157
2038	1,663	35,000	831	37,494
2039	831	35,000	0	35,831
	<u>\$542,647</u>	<u>\$1,211,000</u>	<u>\$513,886</u>	<u>\$2,267,533</u>

Water Supply System Revenue Bonds - Series 2000 used for construction of the water system improvements.

Purpose: Construction of water system improvements.

Date of Note: August 24, 2000.

Interest Rate: 4.75%.

Interest Payable: May 1 and November 1.

Principal Payable: May 1.

Amount of Issue: \$200,000.

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>
5/1/4	\$ 2,000	4.750000	\$ 4,655	\$ 6,655
11/1/4			4,608	4,608
5/1/5	2,000	4.750000	4,608	6,608
11/1/5			4,560	4,560
5/1/6	2,000	4.750000	4,560	6,560
11/1/6			4,513	4,513
5/1/7	2,000	4.750000	4,513	6,513
11/1/7			4,465	4,465

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

5/1/8	2,000	4.750000	4,465	6,465
11/1/8			4,418	4,418
5/1/9	3,000	4.750000	4,418	7,418
11/1/9			4,346	4,346
5/1/10	3,000	4.750000	4,346	7,346
11/1/10			4,275	4,275
5/1/11	3,000	4.750000	4,275	7,275
11/1/11			4,204	4,204
5/1/12	3,000	4.750000	4,204	7,204
11/1/12			4,133	4,133
5/1/13	3,000	4.750000	4,133	7,133
11/1/13			4,061	4,061
5/1/14	3,000	4.750000	4,061	7,061
11/1/14			3,990	3,990
5/1/15	3,000	4.750000	3,990	6,990
11/1/15			3,919	3,919
5/1/16	4,000	4.750000	3,919	7,919
11/1/16			3,824	3,824
5/1/17	4,000	4.750000	3,824	7,824
11/1/17			3,729	3,729
5/1/18	4,000	4.750000	3,729	7,729
11/1/18			3,634	3,634
5/1/19	4,000	4.750000	3,634	7,634
11/1/19			3,539	3,539
5/1/20	4,000	4.750000	3,539	7,539
11/1/20			3,444	3,444
5/1/21	4,000	4.750000	3,444	7,444
11/1/21			3,349	3,349
5/1/22	5,000	4.750000	3,349	8,349
11/1/22			3,230	3,230
5/1/23	5,000	4.750000	3,230	8,230
11/1/23			3,111	3,111
5/1/24	5,000	4.750000	3,111	8,111
11/1/24			2,993	2,993
5/1/25	5,000	4.750000	2,993	7,993
11/1/25			2,874	2,874
5/1/26	6,000	4.750000	2,874	8,874
11/1/26			2,731	2,731
5/1/27	6,000	4.750000	2,731	8,731
11/1/27			2,589	2,589
5/1/28	6,000	4.750000	2,589	8,589
11/1/28			2,446	2,446
5/1/29	7,000	4.750000	2,446	9,446
11/1/29			2,280	2,280
5/1/30	7,000	4.750000	2,280	9,280
11/1/30			2,114	2,114

**FAIRFIELD TOWNSHIP**  
**Notes To Financial Statements**  
**March 31, 2004**

5/1/31	7,000	4.750000	2,114	9,114
11/1/31			1,948	1,948
5/1/32	7,000	4.750000	1,948	8,948
11/1/32			1,781	1,781
5/1/33	8,000	4.750000	1,781	9,781
11/1/33			1,591	1,591
5/1/34	8,000	4.750000	1,591	9,591
11/1/34			1,401	1,401
5/1/35	9,000	4.750000	1,401	10,401
11/1/35			1,188	1,188
5/1/36	9,000	4.750000	1,188	10,188
11/1/36			974	974
5/1/37	10,000	4.750000	974	10,974
11/1/37			736	736
5/1/38	10,000	4.750000	736	10,736
11/1/38			499	499
5/1/39	10,000	4.750000	499	10,499
11/1/39			261	261
5/1/40	11,000	4.750000	261	11,261
11/1/40				
	<u>\$196,000</u>		<u>\$220,171</u>	<u>\$416,171</u>

Notes Payable - USDA - for purchase of Fire Truck.

Date of Note: April 24, 2001.

Interest Rate: 4.75%.

Principal Payable: April 1.

Amount of Issue: \$90,000.

<u>Year</u>	<u>Interest</u>	<u>Principal</u>
2004	\$ 3,468	\$ 5,000
2005	3,230	5,000
2006	2,993	5,000
2007	2,755	5,000
2008	2,518	6,000
2009	2,233	6,000
2010	1,948	6,000
2011	1,663	6,000
2012	1,378	7,000
2013	1,045	7,000
2014	713	7,000
2015	380	8,000
	<u>\$34,324</u>	<u>\$73,000</u>

FAIRFIELD TOWNSHIP  
General Fund  
Balance Sheet  
March 31, 2004  
With Comparative Actual Amounts for 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 32,191	\$ 14,948
Investments, at Cost	289,347	370,900
Receivables:		
Taxes, Including Interest, Penalties		
And Liens, General	7,716	9,466
Due From Other Funds	---	1,410
Prepaid Expenses	1,155	811
<b>Total Assets</b>	<u>\$330,409</u>	<u>\$397,535</u>
 <u>Liabilities and Fund Balances</u>		
<u>Liabilities:</u>		
Accounts Payable	\$ ---	\$ 3,651
Due to Other Authorities	831	3,026
<b>Total Liabilities</b>	<u>831</u>	<u>6,677</u>
 <u>Fund Balance:</u>		
Unreserved:		
Designated	222,681	203,672
Undesignated	106,897	187,186
<b>Total Fund Balance</b>	<u>329,578</u>	<u>390,858</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$330,409</u>	<u>\$397,535</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**General Fund**  
**Statement Of Revenues, Expenditures, And**  
**Changes In Fund Balance - Budget (GAAP Basis) And Actual**  
**Year Ended March 31, 2004**  
**With Comparative Actual Amounts For Year Ended March 31, 2003**

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b><u>Revenues:</u></b>				
Taxes	\$109,395	\$121,752	\$ 12,357	\$113,537
Licenses and Permits	8,000	9,165	1,165	10,977
Intergovernmental	152,594	141,283	(11,311)	149,466
Interest and Penalties	1,032	1,590	558	4,511
Miscellaneous	---	3,429	3,429	5,377
<b>Total Revenues</b>	<u>271,021</u>	<u>277,219</u>	<u>6,198</u>	<u>283,868</u>
<b><u>Expenditures:</u></b>				
General Government	161,593	145,009	16,584	111,721
Highways, Streets and Bridges	155,962	146,730	9,232	170,704
Inspections/Zoning and Planning	13,932	13,289	643	12,585
Other Functions	5,334	3,895	1,439	3,937
Parks & Recreation	---	---	---	1,000
Sanitation	5,801	5,801	---	5,500
Public Safety	166	166	---	12,763
<b>Total Expenditures</b>	<u>342,788</u>	<u>314,890</u>	<u>27,898</u>	<u>318,210</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	(71,767)	(37,671)	34,096	(34,342)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers (Out)	<u>(23,609)</u>	<u>(23,609)</u>	<u>---</u>	<u>(10,500)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(23,609)</u>	<u>(23,609)</u>	<u>---</u>	<u>(10,500)</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources</u></b>	(95,376)	(61,280)	34,096	(44,842)
<b><u>Fund Balance - Beginning Of Year</u></b>	<u>390,858</u>	<u>390,858</u>	<u>---</u>	<u>435,700</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$295,482</u>	<u>\$329,578</u>	<u>\$ 34,096</u>	<u>\$390,858</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**General Fund**  
**Statement Of Expenditures, Compared To Budget (GAAP Basis)**  
**Year Ended March 31, 2004**  
**With Comparative Actual Amounts For Year Ended March 31, 2003**

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>General Government:</b>				
<b>Legislative Board:</b>				
Salaries, Wages and				
Fringe Benefits	\$ 2,713	\$ 2,659	\$ 54	\$ 2,947
Supplies	631	631	---	283
Printing and Publishing	416	416	---	107
Miscellaneous	166	---	166	---
Membership and Dues	1,079	797	282	973
Transportation	---	---	---	12
Education and Training	1	---	1	---
Newsletter	1,054	1,204	(150)	1,472
<b>Total Legislative</b>	<u>6,060</u>	<u>5,707</u>	<u>353</u>	<u>5,794</u>
<b>Executive:</b>				
Supervisor's Salary and				
Fringe Benefits	5,216	5,167	49	5,557
Transportation	137	185	(48)	130
Supplies	1,011	644	367	866
Membership and Dues	35	35	---	100
Capital Outlay	---	364	(364)	---
Education and Training	121	121	---	---
Computer Support	400	400	---	1,551
<b>Total Executive</b>	<u>6,920</u>	<u>6,916</u>	<u>4</u>	<u>8,204</u>
<b>Election:</b>				
Salaries, Wages and				
Fringe Benefits	400	400	---	971
Supplies	684	684	---	384
Miscellaneous	210	211	(1)	51
<b>Total Elections</b>	<u>1,294</u>	<u>1,295</u>	<u>(1)</u>	<u>1,406</u>
<b>Clerk:</b>				
Salaries, Wages and				
Fringe Benefits:				
Clerk	12,719	12,618	101	12,737
Office Supplies and Postage	727	727	---	571
Transportation	183	183	---	155
Printing and Publishing	43	43	---	---
Miscellaneous	499	483	16	326
Education Training	---	---	---	25
Capital Outlay	341	341	---	---
Computer Support	2,973	2,973	---	3,647
<b>Total Clerk</b>	<u>17,485</u>	<u>17,368</u>	<u>117</u>	<u>17,461</u>

## FAIRFIELD TOWNSHIP

## General Fund

Statement Of Expenditures, Compared To Budget (GAAP Basis)  
 Year Ended March 31, 2004  
 With Comparative Actual Amounts For Year Ended March 31, 2003

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>Assessor:</b>				
Salaries, Wages and Fringe Benefits	\$ 10,929	\$ 10,929	\$ ---	\$ 10,920
Tax Notices, Etc.	4,026	4,026	---	2,186
<b>Total Assessor</b>	<u>14,955</u>	<u>14,955</u>	<u>---</u>	<u>13,106</u>
<b>Treasurer:</b>				
Supervisor's Salary and Fringe Benefits:				
Treasurer	12,823	12,818	5	10,753
Deputy Treasurer	234	69	165	184
Supplies and Postage	1,385	1,056	329	1,690
Transportation	592	592	---	677
Miscellaneous	100	270	(170)	43
Education and Training	35	35	---	169
Capital Outlay	---	406	(406)	---
Computer Support	---	---	---	30
<b>Total Treasurer</b>	<u>15,169</u>	<u>15,246</u>	<u>(77)</u>	<u>13,546</u>
<b>Cemetery:</b>				
Maintenance	355	355	---	210
<b>Total Cemetery</b>	<u>355</u>	<u>355</u>	<u>---</u>	<u>210</u>
<b>Township Hall:</b>				
Capital Outlay	54,885	42,678	12,207	19,897
Repairs and Maintenance	7,000	6,152	848	3,960
Sewer Payment, Taxes and Utilities	4,202	3,612	590	4,627
Miscellaneous	484	484	---	281
<b>Total Township Hall</b>	<u>66,571</u>	<u>52,926</u>	<u>13,645</u>	<u>28,765</u>
<b>Attorney and Audit:</b>	<u>15,630</u>	<u>14,916</u>	<u>714</u>	<u>10,649</u>
<b>Insurance and Bonds:</b>	<u>16,410</u>	<u>14,581</u>	<u>1,829</u>	<u>11,891</u>
<b>Board of Review:</b>				
Salaries, Wages and Fringe Benefits	646	646	---	646
Miscellaneous	---	---	---	---
Supplies	---	---	---	---
Education and Training	13	13	---	---
Printing and Publishing	85	85	---	43
Transportation	---	---	---	---
<b>Total Board of Review</b>	<u>744</u>	<u>744</u>	<u>---</u>	<u>689</u>
<b>Total General Government</b>	<u>161,593</u>	<u>145,009</u>	<u>16,584</u>	<u>111,721</u>

## FAIRFIELD TOWNSHIP

## General Fund

## Statement Of Expenditures, Compared To Budget (GAAP Basis)

Year Ended March 31, 2004

With Comparative Actual Amounts For Year Ended March 31, 2003

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>Highways, Streets and Bridges:</b>				
<b>Highways:</b>				
Repairs and Maintenance	\$ 74,304	\$ 66,215	\$ 8,089	\$ 91,355
Local Share of Public Impro.	77,158	77,158	---	75,569
<b>Total Highways</b>	<u>151,462</u>	<u>143,373</u>	<u>8,089</u>	<u>166,924</u>
<b>Street Lights:</b>				
Public Utilities	4,500	3,357	1,143	3,780
<b>Total Highways, Street and Bridges</b>	<u>155,962</u>	<u>146,730</u>	<u>9,232</u>	<u>170,704</u>
<b>Sanitation:</b>	<u>5,801</u>	<u>5,801</u>	<u>---</u>	<u>5,500</u>
<b>Public Safety:</b>				
Repairs and Maintenance	166	166	---	4,975
Capital Outlay	---	---	---	7,708
Property Taxes	---	---	---	80
<b>Total Public Safety</b>	<u>166</u>	<u>166</u>	<u>---</u>	<u>12,763</u>
<b>Parks &amp; Recreation:</b>	<u>---</u>	<u>---</u>	<u>---</u>	<u>1,000</u>
<b>Inspections/Zoning and Planning:</b>				
Salary	1,695	1,695	---	1,480
Building - Salaries, Wages and Fringe Benefits	2,948	2,948	---	2,498
Electrical - Salaries, Wages and Fringe Benefits	2,750	2,116	634	2,398
Mechanical - Salaries, Wages and Fringe Benefits	1,825	1,825	---	1,083
Zoning - Salaries, Wages and Fringe Benefits	1,255	1,255	---	1,146
Supplies & Postage	443	435	8	246
Printing & Publishing	953	953	---	713
Membership & Dues	475	474	1	474
Transportation	848	848	---	1,077
Miscellaneous	564	564	---	1,220
Education and Training	176	176	---	250
<b>Total Inspections/Zoning and Planning</b>	<u>13,932</u>	<u>13,289</u>	<u>643</u>	<u>12,585</u>
<b>Other Functions:</b>				
Drain at Large	5,000	3,561	1,439	3,621
River Raisin Watershed Council	334	334	---	316
<b>Total Other Functions</b>	<u>5,334</u>	<u>3,895</u>	<u>1,439</u>	<u>3,937</u>
<b>Totals</b>	<u>\$342,788</u>	<u>\$314,890</u>	<u>\$ 27,898</u>	<u>\$318,210</u>

See accompanying notes to financial statements.

FAIRFIELD TOWNSHIP  
Special Revenue Fund  
Combining Balance Sheet  
March 31, 2004  
With Comparative Totals For March 31, 2003

	<u>Fire Equipment Fund</u>	<u>Liquor Law Enforcement</u>	<u>Hinde Playground Fund</u>
<b><u>Assets</u></b>			
Cash in Bank	\$ 5,565	\$ 315	\$4,738
Investments	108,498	---	---
Prepaid Insurance	1,941	---	---
Taxes Receivable	3,498	---	---
<b>Total Assets</b>	<u>\$119,502</u>	<u>\$ 315</u>	<u>\$4,738</u>
<b><u>Liabilities and Fund Balance</u></b>			
<b><u>Liabilities:</u></b>			
Due to General Fund	\$ ---	\$ ---	\$ ---
<b>Total Liabilities</b>	<u>---</u>	<u>---</u>	<u>---</u>
<b><u>Fund Balances:</u></b>			
Reserved for Restricted Fund Balances	---	---	4,738
<b><u>Unreserved:</u></b>			
Undesignated	<u>119,502</u>	<u>315</u>	<u>---</u>
<b>Total Fund Balances</b>	<u>119,502</u>	<u>315</u>	<u>4,738</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$119,502</u>	<u>\$ 315</u>	<u>\$4,738</u>

See accompanying notes to financial statements.

**Volunteer  
Fire Department**

**2004**

**Totals**

**2003**

\$8,716

\$ 19,334

\$ 19,810

---

108,498

81,048

---

1,941

3,266

---

3,498

2,240

\$8,716

\$133,271

\$106,364

\$ ---

\$ ---

\$ 1,410

---

---

1,410

---

4,738

4,831

8,716

128,533

100,123

8,716

133,271

104,954

\$8,716

\$133,271

\$106,364

**FAIRFIELD TOWNSHIP**  
**Special Revenue Funds**  
**Combining Statement Of Revenues, Expenditures And Changes In Fund Balance**  
**Year Ended March 31, 2004**  
**With Comparative Totals For Year Ended March 31, 2003**

	<b><u>Fire Equipment Fund</u></b>	<b><u>Liquor Law Enforcement</u></b>	<b><u>Hinde Playground Fund</u></b>
<b><u>Revenues:</u></b>			
Taxes	\$ 61,946	\$ ---	\$ ---
Intergovernmental	---	565	---
Interest	221	---	9
Contracts and Other	7,829	---	---
Donations	500	---	500
<b>Total Revenue</b>	<u>70,496</u>	<u>565</u>	<u>509</u>
<b><u>Expenditures:</u></b>			
Salaries and Wages/Fringes	10,308	540	---
Insurance	22,845	---	---
Supplies	2,058	---	---
Repairs and Maintenance	5,303	---	602
Gas and Oil	1,311	---	---
Radio Maintenance	1,822	---	---
Miscellaneous	480	---	---
Community Promotion and Dues	1,218	---	---
Education and Training	1,981	---	---
Capital Outlay	3,317	---	---
Telephone/Utilities	340	---	---
Transportation	1,919	---	---
Medical Expense	1,413	---	---
<b>Total Expenditures</b>	<u>54,315</u>	<u>540</u>	<u>602</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	16,181	25	(93)
<b><u>Other Financing Sources (Uses):</u></b>			
Operating Transfers In	23,609	---	---
Payments On USDA Loan	(15,088)	---	---
<b>Total Other Financing Sources (Uses)</b>	<u>8,521</u>	<u>---</u>	<u>---</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)</b>	24,702	25	(93)
<b>Fund Balance - Beginning of Year</b>	<u>94,800</u>	<u>290</u>	<u>4,831</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$119,502</u>	<u>\$ 315</u>	<u>\$4,738</u>

See accompanying notes to financial statements.

<u>Fire Benefit Fund</u>	<u>2004</u>	<u>Totals</u>	<u>2003</u>
\$ ---	\$ 61,946		\$ 57,749
---	565		547
17	247		657
3,475	11,304		20,068
<u>6,455</u>	<u>7,455</u>		<u>5,932</u>
9,947	<u>81,517</u>		<u>84,953</u>
---	10,848		7,638
---	22,845		20,577
3,018	5,076		7,712
---	5,905		5,882
---	1,311		1,449
---	1,822		1,463
993	1,473		10,458
---	1,218		1,195
---	1,981		1,628
2,188	5,505		14,960
65	405		369
---	1,919		2,103
---	<u>1,413</u>		<u>---</u>
<u>6,264</u>	<u>61,721</u>		<u>75,434</u>
3,683	19,796		9,519
---	23,609		10,500
---	<u>(15,088)</u>		<u>(15,640)</u>
---	<u>8,521</u>		<u>(5,140)</u>
3,683	28,317		4,379
<u>5,033</u>	<u>104,954</u>		<u>100,575</u>
<u>\$ 8,716</u>	<u>\$133,271</u>		<u>\$104,954</u>

FAIRFIELD TOWNSHIP  
Special Revenue Fund  
Fire Equipment  
Comparative Balance Sheet  
March 31, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash in Bank	\$ 5,565	\$ 9,656
Investments - Savings	108,498	81,048
Taxes Receivable - Real	3,498	3,266
Prepaid Insurance	<u>1,941</u>	<u>2,240</u>
<b>Total Assets</b>	<u>\$119,502</u>	<u>\$96,210</u>
 <u>Liabilities and Fund Balance</u>		
<u>Liabilities:</u>		
Due to General Fund	\$ ---	\$ 1,410
<b>Total Liabilities</b>	<u>---</u>	<u>1,410</u>
 <u>Fund Balances:</u>		
Unreserved - Undesignated	<u>119,502</u>	<u>94,800</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$119,502</u>	<u>\$96,210</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Fire Equipment Fund**  
**Statement Of Expenditures, Compared To Budget (GAAP Basis)**  
**Year Ended March 31, 2004**  
**With Comparative Actual Amounts For Year Ended March 31, 2003**

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>Revenues:</b>				
Taxes	\$ 57,877	\$ 61,946	\$ 4,069	\$ 57,749
Interest	400	221	(179)	537
Contracts and Other	4,500	7,829	3,329	9,719
Donations	850	500	(350)	500
<b>Total Revenue</b>	<u>63,627</u>	<u>70,496</u>	<u>6,869</u>	<u>68,505</u>
<b>Expenditures:</b>				
Salaries/Fringe	8,750	10,308	(1,558)	7,038
Insurance	24,785	22,845	1,940	20,577
Supplies	5,000	2,058	2,942	1,818
Repairs and Maintenance	5,761	5,303	458	5,564
Gas and Oil	2,000	1,311	689	1,449
Radio Maintenance	10,399	1,822	8,577	1,463
Miscellaneous	12,839	480	12,359	6,378
Community and Dues	4,782	1,218	3,564	1,195
Education and Training	5,000	1,981	3,019	1,628
Capital Outlay	3,317	3,317	---	7,528
Telephone	490	340	150	369
Medical Expense	3,000	1,413	1,587	---
Transportation	1,919	1,919	---	2,103
<b>Total Expenditures</b>	<u>88,042</u>	<u>54,315</u>	<u>33,727</u>	<u>57,110</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(24,415)	16,181	40,596	11,395
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	23,609	23,609	---	10,500
Payments on USDA Loan	(15,640)	(15,088)	552	(15,640)
<b>Total Other Financing Services (Uses)</b>	<u>7,969</u>	<u>8,521</u>	<u>552</u>	<u>(5,140)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures and Other Uses</b>	<u>(16,446)</u>	<u>24,702</u>	<u>41,148</u>	<u>6,255</u>
<b>Fund Balance - Beginning of Year</b>	<u>94,800</u>	<u>94,800</u>	<u>---</u>	<u>88,545</u>
<b>Fund Balance - End of Year</b>	<u>\$ 78,354</u>	<u>\$119,502</u>	<u>\$41,418</u>	<u>\$ 94,800</u>

See accompanying notes to financial statements.

FAIRFIELD TOWNSHIP  
Liquor Law Enforcement Special Revenue Funds  
Comparative Balance Sheet  
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b><u>Assets</u></b>		
Cash in Bank	\$ 315	\$ 290
<b>Total Assets</b>	<u>\$ 315</u>	<u>\$ 290</u>
<b><u>Fund Balances</u></b>		
Unreserved - Undesignated	\$ 315	\$ 290
<b>Total Fund Balances</b>	<u>\$ 315</u>	<u>\$ 290</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Liquor Law Enforcement Special Revenue Fund**  
**Statement Of Revenues, Expenditures, And Changes In**  
**Fund Balance - Budget (GAAP Basis) And Actual**  
**Year Ended March 31, 2004**  
**With Comparative Actual Amounts For Year Ended March 31, 2003**

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>Revenues - Intergovernmental:</b>				
Liquor License Refunds	\$ 547	\$ 565	\$ 18	\$ 547
Interest	<u>1</u>	<u>---</u>	<u>(1)</u>	<u>1</u>
<b>Total Revenue</b>	<u>548</u>	<u>565</u>	<u>17</u>	<u>548</u>
<b>Expenditures - Public Safety:</b>				
Salaries and Wages	600	540	60	600
Miscellaneous	<u>64</u>	<u>---</u>	<u>64</u>	<u>---</u>
<b>Total Expenditures</b>	<u>664</u>	<u>540</u>	<u>124</u>	<u>600</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(116)	25	141	(52)
<b>Fund Balance - Beginning of Year</b>	<u>290</u>	<u>290</u>	<u>---</u>	<u>342</u>
<b>Fund Balance - End of Year</b>	<u>\$ 174</u>	<u>\$ 315</u>	<u>\$ 141</u>	<u>\$ 290</u>

See accompanying notes to financial statements.

FAIRFIELD TOWNSHIP  
Hinde Playground Special Revenue Fund  
Comparative Balance Sheet  
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b><u>Assets</u></b>		
Cash in Savings Account	<u>\$4,738</u>	<u>\$4,831</u>
<b>Total Assets</b>	<u><u>\$4,738</u></u>	<u><u>\$4,831</u></u>
<b><u>Fund Balances</u></b>		
Reserved for Restricted Fund Balance	<u>\$4,738</u>	<u>\$4,831</u>
<b>Total Fund Balances</b>	<u><u>\$4,738</u></u>	<u><u>\$4,831</u></u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Hinde Playground Special Revenue Fund**  
**Statement Of Revenue, Expenditures And Changes In**  
**Fund Balance - Budget (GAAP Basis) And Actual**  
**Year Ended March 31, 2004**  
**With Comparative Actual Amounts For The Year Ended March 31, 2003**

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>Revenues</b>				
Interest	\$ 20	\$ 9	\$ (11)	\$ 25
Other - Donation, Etc.	---	500	500	1,300
<b>Total Revenues</b>	<u>20</u>	<u>509</u>	<u>489</u>	<u>1,325</u>
<b>Expenditures:</b>				
Maintenance and Repairs	350	602	(252)	318
Miscellaneous	246	---	246	---
<b>Total Expenditures</b>	<u>596</u>	<u>602</u>	<u>(6)</u>	<u>318</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(576)	(93)	483	1,007
<b>Fund Balance - Beginning of Year</b>	<u>4,831</u>	<u>4,831</u>	<u>---</u>	<u>3,824</u>
<b>Fund Balance - End of Year</b>	<u>\$4,255</u>	<u>\$4,738</u>	<u>\$ 483</u>	<u>\$4,831</u>

See accompanying notes to financial statements.

FAIRFIELD TOWNSHIP  
Special Revenue Fund  
Fire Benefit Fund  
Balance Sheet  
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b><u>Assets</u></b>		
Cash in Bank	\$8,198	\$5,033
Cash in Hand	<u>518</u>	<u>---</u>
<b>Total Assets</b>	<u>\$8,716</u>	<u>\$5,033</u>
<b><u>Fund Balances</u></b>		
Unreserved - Undesignated	<u>\$8,716</u>	<u>\$5,033</u>
<b>Total Fund Balances</b>	<u>\$8,716</u>	<u>\$5,033</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Fire Benefit Fund - Special Revenue Fund**  
**Statement Of Revenue, Expenditures And Changes In**  
**Fund Balance - Budget (GAAP Basis) And Actual**  
**Year Ended March 31, 2004**  
**With Comparative Actual Amounts For The Year Ended March 31, 2003**

	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
<b>Revenues:</b>				
Interest	\$ ---	\$ 17	\$ 17	\$ 94
Other/Donations	---	9,930	9,930	14,481
<b>Total Revenues</b>	---	9,947	9,947	14,575
<b>Expenditures:</b>				
Taxes & Licenses	---	25	(25)	---
Supplies, Etc.	---	3,018	(3,018)	5,894
Contributions	---	80	(80)	3,710
Bank Charges	---	---	---	30
Miscellaneous	---	808	(808)	269
Advertising	---	80	(80)	71
Capital Outlay	---	2,188	(2,188)	7,432
Utilities	---	65	(65)	---
<b>Total Expenditures</b>	---	6,264	(6,264)	17,406
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	---	3,683	3,683	(2,831)
<b>Fund Balance - Beginning of Year</b>	5,033	5,033	---	7,864
<b>Fund Balance - End of Year</b>	<u>\$5,033</u>	<u>\$ 8,716</u>	<u>\$ 3,683</u>	<u>\$ 5,033</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Combining Comparative Balance Sheet**  
**Sewer And Water Funds**  
**Year Ended March 31, 2004**

	<u>Sewer Fund</u>	<u>Water Fund</u>
<b><u>Assets</u></b>		
<b>Current Assets:</b>		
Cash in Checking Account	\$ 7,625	\$ 25,135
Certificate of Deposits and Savings	211,894	319,143
Cash Deposit - Lenawee County		
Drain Commission	1,500	---
<b>Receivables:</b>		
Due From County	5,951	11,309
Accrued Interest	3,052	---
Usage	5,765	1,537
Deferred Sewer Assessment	114,588	1,043,407
<b>Total Current Assets</b>	<u>350,375</u>	<u>1,400,531</u>
<b><u>Property, Plant And Equipment</u></b>		
Land	42,501	64,188
Improvement, Other Than Buildings And Equipment	<u>3,308,748</u>	<u>2,913,512</u>
Total Property Plant & Equipment	3,351,249	2,977,700
Less: Accumulated Depreciation	<u>(1,405,089)</u>	<u>(144,605)</u>
<b>Net Property, Plant And Equipment</b>	<u>1,946,160</u>	<u>2,833,095</u>
<b>Total Assets</b>	<u>\$ 2,296,535</u>	<u>\$4,233,626</u>
<b><u>Liabilities and Fund Equity</u></b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ ---	\$ ---
Current Portion of Bonded Debt	---	30,000
Due to Other Funds	---	---
<b>Total Current Liabilities</b>	<u>---</u>	<u>30,000</u>
<b>Long-Term Liabilities:</b>		
Bonded Debt	<u>---</u>	<u>1,377,000</u>
<b>Fund Equity</b>		
Contributed Capital:		
Public Grant	1,206,816	1,476,000
Customers - Users	<u>837,849</u>	<u>1,293,595</u>
<b>Total Contributed Capital</b>	<u>2,044,665</u>	<u>2,769,595</u>
Retained Earnings:		
Unreserved	<u>251,870</u>	<u>57,031</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 2,296,535</u>	<u>\$4,233,626</u>

See accompanying notes to financial statements.

<u>2004</u>	<u>2003</u>
\$ 32,760	\$ 23,749
531,037	503,524
1,500	1,500
17,260	17,018
3,052	6,471
7,302	6,918
<u>1,157,995</u>	<u>1,185,935</u>
<u>1,750,906</u>	<u>1,745,115</u>
106,689	79,671
<u>6,222,260</u>	<u>6,214,781</u>
6,328,949	6,294,452
<u>(1,549,694)</u>	<u>1,424,276</u>
<u>4,779,255</u>	<u>4,870,176</u>
<u>\$ 6,530,161</u>	<u>\$6,615,291</u>
\$ ---	\$ ---
30,000	29,000
---	---
<u>30,000</u>	<u>29,000</u>
<u>1,377,000</u>	<u>1,407,000</u>
2,682,816	2,761,324
<u>2,131,444</u>	<u>2,108,139</u>
<u>4,814,260</u>	<u>4,869,463</u>
<u>308,901</u>	<u>309,828</u>
<u>\$ 6,530,161</u>	<u>\$6,615,291</u>

**FAIRFIELD TOWNSHIP**  
**Statement of Revenues, Expenses and Changes In Fund Balances**  
**Sewer And Water Funds**  
**Year Ended March 31, 2004**

	<u>Sewer Fund</u>	<u>Water Fund</u>
<b><u>Operating Revenues:</u></b>		
Charges for Services	\$ 41,385	\$ 39,205
<b><u>Operating Expenses:</u></b>		
Salaries and Fringe Benefits	3,643	6,621
Supplies	419	5,433
Contractual Services and Maintenance	16,643	18,323
Transportation	3,235	435
Repairs and Maintenance	8,165	5,986
Electricity and Telephone	2,461	470
Depreciation	24,372	58,270
Miscellaneous	142	3,741
<b>Total Operating Expenses</b>	<u>59,080</u>	<u>99,279</u>
<b>Operating (Loss)</b>	(17,695)	(60,074)
<b><u>Non-Operating Revenues: (Expenses)</u></b>		
Assessments	13,804	90,297
Other	35,733	---
Permits	235	846
Interest	1,274	2,174
Interest and Fiscal Charges	---	(67,521)
<b>Total Non-Operating</b>	<u>51,046</u>	<u>25,796</u>
<b>Net Income (Loss)</b>	33,351	(34,278)
<b>Retained Earnings at Beginning of Year</b>	<u>218,519</u>	<u>91,309</u>
<b>Retained Earnings at End of Year (Note 5)</b>	<u>\$251,870</u>	<u>\$ 57,031</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Sewer And Water Funds**  
**Combining Comparative Statement Of Cash Flows - Indirect Method**  
**Year Ended March 31, 2004 And 2003**

	<u>2004</u>	<u>2003</u>
<b><u>Operating Activities:</u></b>		
Net (Loss)	\$ (927)	\$ (54,940)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	82,642	125,042
<b><u>Changes in Operating Assets and Liabilities:</u></b>		
Decrease (Increase) in Accounts Receivable	(626)	(4,763)
Decrease (Increase) in Accrued Interest	3,419	(3,324)
Decrease (Increase) in Deferred Sewer Assessment, Etc.	27,940	39,331
(Decrease) Increase In Bonded Debt	<u>(1,000)</u>	<u>(2,000)</u>
<b>Net Cash Proved By Operating Activities</b>	<u>111,448</u>	<u>99,346</u>
<b><u>Financing Activities:</u></b>		
Principal Payments Made on Bonded Debt	(28,000)	(26,000)
User Assessments	23,306	---
Public Grant	<u>(35,733)</u>	<u>86,000</u>
<b>Net Cash Provided By Financing Activities</b>	<u>(40,427)</u>	<u>60,000</u>
<b><u>Investing Activities:</u></b>		
Purchase of Fixed Assets and Land	<u>(34,497)</u>	<u>(89,905)</u>
<b>Net Cash Provided By Investing Activities</b>	<u>(34,497)</u>	<u>(89,905)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	36,524	69,441
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>528,773</u>	<u>459,332</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$565,297</u>	<u>\$ 528,773</u>

See accompanying notes to financial statements.

**FAIRFIELD TOWNSHIP**  
**Trust And Agency Funds**  
**Combining Statement Of Revenues And Expenditures**  
**Year Ended March 31, 2004**  
**With Comparative Totals For The Year Ended March 31, 2003**

	<u>Trust &amp; Agency</u>	<u>Current Tax Collection</u>	<u>Totals 2004</u>	<u>2003</u>
<b><u>Revenues:</u></b>				
Tax Collections and Interest	\$ ---	\$1,272,507	\$1,272,507	\$1,276,493
Building Permits/Etc.	7,343	---	7,343	20,951
<b>Total Revenues</b>	<u>7,343</u>	<u>1,272,507</u>	<u>1,279,850</u>	<u>1,297,444</u>
<b><u>Expenditures:</u></b>				
Lenawee County Treasurer/State Ed.	---	438,046	438,046	462,260
Lenawee County Intermediate Schools	---	298,753	298,753	290,530
Sand Creek Schools	---	215,626	215,626	213,914
Morenci Area Schools	---	17,735	17,735	16,737
Sewer and Water Fund	---	92,513	92,513	94,076
General Fund	7,343	119,596	126,939	129,052
Fire Fund	---	58,572	58,572	54,603
Drains	---	32,188	32,188	31,573
Other	---	1,447	1,447	2,721
<b>Total Expenditures</b>	<u>7,343</u>	<u>1,274,476</u>	<u>1,281,819</u>	<u>1,295,466</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ ---</u>	<u>\$ (1,969)</u>	<u>\$ (1,969)</u>	<u>\$ 1,978</u>

See accompanying notes to financial statements.

FAIRFIELD TOWNSHIP  
Schedule Of General Fixed Assets - By Sources  
March 31, 2004

**General Fixed Assets:**

Land	\$ 34,586
Buildings	102,218
Improvements Other Than Buildings	26,109
Equipment	300,576
Vehicles	<u>455,033</u>

<b>Total General Fixed Assets</b>	<b><u>\$918,522</u></b>
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<b>Investment in General Fixed Assets</b>	<b><u>\$918,522</u></b>
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See accompanying notes to financial statements.

FAIRFIELD TOWNSHIP  
Schedule Of Changes In General Fixed Assets  
March 31, 2003

	<u>General Fixed Assets 3/31/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets 3/31/04</u>
Land	\$ 34,586	\$ ---	\$ ---	\$ 34,586
Buildings	59,540	42,678	---	102,218
Improvements, Other Than Buildings	26,109	---	---	26,109
Equipment	296,937	3,639	---	300,576
Vehicles	<u>455,033</u>	<u>---</u>	<u>---</u>	<u>455,033</u>
<b>Totals</b>	<u>\$872,205</u>	<u>\$46,317</u>	<u>\$ ---</u>	<u>\$918,522</u>

See accompanying notes to financial statements.

# PHILIP R. RUBLEY

- Certified Public Accountant -

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

July 30, 2004

**Board of Trustees  
Fairfield Township  
Lenawee County, Michigan**

We have examined the combined financial statements of the Fairfield Township, Lenawee County, Michigan and the combining, individual fund and account group financial statements of the Township as of and for the year ended March 31, 2004, and have issued our report thereon dated July 30, 2004. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgements required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2004, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Such study and evaluation disclosed the following conditions, which we consider to be material weaknesses for which corrective action by the management of Adrian Township as recommended:

1. **Fire Benefit Fund Budget**

The Township should devise a budget for the Fire Benefit Fund.

2. **Documentation**

It is imperative that documentation and approved invoices, etc. be filed and maintained to support expenditures. This includes credit card purchases, etc. This was better then last year.

3. **Government Accounting Standard Board Statement No. 34 - Basic Financial Statements - And Management's Discussion And Analysis**

Effective June 15, 2001 the Governmental Accounting Standard Board pronouncement 34 was set in motion. This changes many items in the reporting model. There are six major differences between the current model and statement 34.

1. Key definitions for governmental reporting. The objective here is to enhance the understandability and usefulness of the general-purpose external financial reports to users. This will require government - wide financial statements along with fund financial statements.
2. Letter of Transmittal and Management Discussion and Analysis. The objective is for management to outline basic information, provide subjective analysis of projects and initiatives, describe service efforts and accomplishments and include describe service efforts and accomplishments and include descriptions of reporting requirements and acknowledgments.
3. Combined financial statements and government - wide reporting.
4. Infrastructure accounting and reporting.
5. Measurement focus and basis of accounting. The objective - full accrual accounting vs. modified accrual basis for government - wide statements. Fund statements will still be on accrual and modified accrual.

6. Measurement focus and basis of accounting. The objective - full accrual accounting vs. modified accrual basis for government - wide statements. Fund statements will still be on accrual and modified accrual.

7. Revisions to fund Financial Statements.

Effective date for Fairfield Township will be year beginning after June 15, 2003. It will be necessary to start by the end of this fiscal year March 31, 2004.

4. **Approval of Assets**

We would recommend that you have an independent appraisal of your general fixed assets to comply with GASB 34.

5. **Fire Benefit Fund**

Accounting for the Fire Benefit Fund should be maintained to account for detail of revenues and expenditures. The avoidance of cash on hand in large amounts should be avoided. The financial data should be tied in monthly to back statements, etc.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated July 30, 2004 on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Sincerely yours,

  
Philip R. Rubley, CPA